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## BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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2014 MAR 24 P 2:43

 ARIZONA CORPORATION COMMISSION  
 DOCKET CONTROL

ORIGINAL

IN THE MATTER OF THE APPLICATION OF  
 SOUTHWESTERN TELEPHONE COMPANY,  
 AN ARIZONA CORPORATION, FOR A  
 HEARING TO DETERMINE THE EARNINGS  
 OF THE COMPANY, THE FAIR VALUE OF  
 THE COMPANY FOR RATEMAKING  
 PURPOSES, AND TO INCREASE  
 RESIDENTIAL RATES AS NECESSARY TO  
 COMPENSATE FOR THE RATE IMPACTS  
 OF THE FCC'S USF/ICC  
 TRANSFORMATION ORDER.

DOCKET NO. T-01072A-13-0412

STAFF'S NOTICE OF FILING  
 TESTIMONY SUMMARY OF PAMELA  
 GENUNG

Staff of the Arizona Corporation Commission ("Staff") hereby files the Testimony Summary  
 of Pamela Genung in the above docket.

RESPECTFULLY SUBMITTED this 24<sup>th</sup> day of March, 2014.

Charles H. Hains, Attorney  
 Maureen Scott, Senior Staff Counsel  
 Attorneys, Legal Division  
 Arizona Corporation Commission  
 1200 West Washington Street  
 Phoenix, Arizona 85007  
 (602) 542-3402

Original and thirteen (13) copies of  
 the foregoing filed this 24<sup>th</sup> day of  
 March, 2014, with:

Docket Control  
 Arizona Corporation Commission  
 1200 West Washington Street  
 Phoenix, Arizona 85007

 Arizona Corporation Commission  
 DOCKETED

MAR 24 2014

DOCKETED BY

1 Copy of the foregoing emailed/mailed  
2 this 24<sup>th</sup> day of March, 2014, to:

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5 10645 North Tatum Blvd., Suite 200-676  
6 Phoenix, Arizona 85028  
7 Craig.Marks@azbar.org  
8 Attorney for Southwestern Telephone Co.

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**EXECUTIVE SUMMARY OF PAMELA GENUNG  
SOUTHWESTERN TELEPHONE COMPANY  
DOCKET NO. T-01072A-13-0412**

On November 27, 2013, Southwestern Telephone Company ("Southwestern Telephone" or "Applicant") filed an application for a determination of its earnings and the fair value of its investment and requested that its residential rates be increased as necessary to compensate for the rate impacts of the Federal Communication Commission's ("FCC's") November 18, 2011, USF/ICC Transformation Order ("USF/ICC Order") pursuant to Arizona Revised Statute ("A.R.S.") § 40-250.

Staff recommends that the Southwestern Telephone monthly residential local exchange rate increase from \$14.00 to the lesser of \$19.00 or the 2014 local service rate floor established by the FCC. Staff further recommends that the rate increase become effective on the rate floor compliance date, as determined by the FCC. Staff believes the proposed increase is just, fair and reasonable for the following reasons:

- The increase is necessitated by the FCC's November 18, 2011 USF/ICC Order;
- The increase is necessary to preserve the entirety of the Federal Universal Service Fund ("FUSF") funds that may flow to Southwestern Telephone pursuant to the FCC's rules;
- The increase will minimize/reduce the amount of future rate increases; and
- The increase will allow the Applicant to receive matching funds from the FUSF.

Staff further recommends that any future rate increase applications filed by Southwestern Telephone be processed per full A.A.C. R14-2-103 requirements, not streamlined.